

**Final Statement of Reasons for
Proposed Amendments to California Code of Regulations,
Title 18, Section 1590, *Newspapers and Periodicals***

UPDATE OF INFORMATION IN THE INITIAL STATEMENT OF REASONS

The State Board of Equalization (Board) held a public hearing regarding the proposed amendments to California Code of Regulations, title 18, section (Regulation) 1590, *Newspapers and Periodicals*, on June 14, 2016. During the public hearing, the Board unanimously voted to adopt the proposed amendments to Regulation 1590 without making any changes. The Board did not receive any written comments regarding the proposed regulatory action and no interested parties appeared at the public hearing on June 14, 2016, to comment on the proposed regulatory action.

The factual basis, specific purposes, and necessity for, the problem to be addressed by, and the anticipated benefit from the adoption of the proposed amendments to Regulation 1590 are the same as provided in the initial statement of reasons.

The Board anticipates that the proposed amendments to Regulation 1590 will promote fairness and benefit taxpayers, Board staff, and the Board by providing clarity with regard to the application of tax to lump-sum charges for mixed newspaper subscriptions, particularly because of the increasing focus on digital content in the newspaper industry.

The adoption of the proposed amendments to Regulation 1590 is not mandated by federal law or regulations. There is no previously adopted or amended federal regulation that is identical to Regulations 1590 or the proposed amendments to Regulation 1590.

The Board did not rely on any data or any technical, theoretical, or empirical study, report, or similar document in proposing or adopting the proposed amendments to Regulation 1590 that was not identified in the initial statement of reasons, or which was otherwise not identified or made available for public review prior to the close of the public comment period.

In addition, the factual basis has not changed for the Board's initial determination that the proposed regulatory action will not have a significant adverse economic impact on business, the Board's determination that the proposed regulatory action is not a major regulation, as defined in Government Code section 11342.548 and California Code of Regulations, title 1, section 2000, and the Board's economic impact assessment, which determined that the Board's proposed regulatory action:

- Will neither create nor eliminate jobs in the State of California;
- Nor result in the elimination of existing businesses;

- Nor create new businesses or expand businesses currently doing business in the State of California; and
- Will not affect the benefits of Regulation 1590 to the health and welfare of California residents, worker safety, or the state's environment.

The proposed amendments to Regulation 1590 may affect small business.

No Mandate on Local Agencies or School Districts

The Board has determined that the adoption of the proposed amendments to Regulation 1590 does not impose a mandate on local agencies or school districts.

Public Comments

The Board did not receive any written public comments regarding the proposed regulatory action, and no interested parties appeared at the public hearing on June 14, 2016, to comment on the proposed regulatory action.

Determination Regarding Alternatives

By its motion on June 14, 2016, the Board determined that no alternative to the proposed amendments to Regulation 1590 would be more effective in carrying out the purposes for which the amendments are proposed, would be as effective and less burdensome to affected private persons than the adopted amendments, or would be more cost effective to affected private persons and equally effective in implementing the statutory policy or other provisions of law.

The Board did not reject any reasonable alternative to proposed amendments to Regulation 1590 that would lessen any adverse impact the proposed regulatory action may have on small business.

No reasonable alternative has been identified and brought to the Board's attention that would lessen any adverse impact the proposed action may have on small business, be more effective in carrying out the purposes for which the action is proposed, would be as effective and less burdensome to affected private persons than the proposed action, or would be more cost effective to affected private persons and equally effective in implementing the statutory policy or other provision of law than the proposed action.